

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-55861; File No. SR-NASDAQ-2007-054)

June 5, 2007

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change to Trade the Shares of the iShares GSCI Commodity-Indexed Trust Pursuant to Unlisted Trading Privileges

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 18, 2007, The NASDAQ Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been substantially prepared by the Exchange. This order provides notice of the proposed rule change and approves the proposed rule change on an accelerated basis.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Nasdaq proposes to trade shares of the iShares GSCI Commodity-Indexed Trust (the “Trust”) pursuant to unlisted trading privileges (“UTP”). The text of the proposed rule change is available at Nasdaq, the Commission’s Public Reference Room, and nasdaq.complinet.com.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item III below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Pursuant to Nasdaq Rule 4630, which permits the Exchange to approve for UTP trading a “commodity-related security” that is issued by a trust, partnership, commodity pool, or similar entity that invests in any combination of commodities, futures contracts, options on futures contracts, forward contracts, commodity swaps, or other related derivatives, the Exchange proposes to trade pursuant to UTP the shares of the Trust (the “Shares”).³ The Shares are currently trading on Nasdaq on a three-month pilot basis,⁴ and approval of this proposed rule change would allow the Shares to continue to trade after the expiration of the pilot. The Commission previously approved a proposal to list and trade the Shares on the New York Stock Exchange LLC (“NYSE”).⁵

The Shares represent fractional undivided beneficial interests in the net assets of the Trust. Substantially all of the assets of the Trust consist of its holdings of the limited liability company interests of a commodity pool (“Investing Pool Interests”), which are the only securities in which the Trust may invest. The commodity pool, iShares GSCI Commodity-Indexed Investing Pool LLC (“Investing Pool”), holds long positions in futures contracts on the GSCI Excess Return Index (“GSCI-ER”), called “CERFs,” which are listed on the Chicago

³ E-mail from John Yetter, Deputy General Counsel, Nasdaq, to Edward Cho, Special Counsel, Division of Market Regulation, Commission, dated May 31, 2007 (confirming the Nasdaq rule governing the UTP trading of the Shares).

⁴ See Securities Exchange Act Release No. 55386 (March 2, 2007), 72 FR 10801 (March 9, 2007) (SR-NASDAQ-2007-016) (approving the trading of 16 commodity-related securities, including the Shares, pursuant to UTP for a pilot period of three months beginning on March 5, 2007) (“Pilot Order”).

⁵ See Securities Exchange Act Release Nos. 53659 (April 17, 2006), 71 FR 21074 (April 24, 2006) (SR-NYSE-2006-17) (“NYSE Proposal”) and 54013 (June 16, 2006), 71 FR 36372 (June 26, 2006) (“NYSE Approval Order”).

Mercantile Exchange (“CME”) and posts margin in the form of cash or short-term securities to collateralize these futures positions. The GSCI-ER is calculated based on the same commodities included in the Goldman Sachs Commodity Index (“GSCI”), which is a production-weighted index of the prices of a diversified group of futures contracts on physical commodities. The GSCI is administered, calculated, and published by Goldman, Sachs & Co. (the “Index Sponsor”), a subsidiary of The Goldman Sachs Group Inc.

The Trust’s objective is for the performance of the Shares to correspond generally to the performance of the GSCI Total Return Index (“Index”) before payment of the Trust’s and the Investing Pool’s expenses and liabilities. The Index is intended to reflect the performance of a diversified group of commodities. The Trust and Investing Pool are each commodity pools, as defined in the Commodity Exchange Act and the applicable regulations of the Commodity Futures Trading Commission.

Descriptions of the Shares, the Investing Pool, the futures contracts, the Index, the GSCI-ER, the GSCI, and the fees and expenses of the Trustee are set forth in the NYSE Proposal. To summarize, issuances of Shares are made only in baskets of 50,000 Shares or multiples thereof (“Baskets”). The Trust issues and redeems the Shares on a continuous basis, by or through participants that have entered into participant agreements (each, an “Authorized Participant”) with Barclays Global Investors International, Inc. (the “Sponsor”) and Barclays Global Investors, N.A. (the “Trustee”).

Baskets are issued only in exchange for an amount of CERFs and cash (or, at the discretion of the Trustee, Short-Term Securities⁶ in lieu of cash) equal to the Basket Amount (as

⁶ “Short-Term Securities” means U.S. Treasury securities or other short-term securities and similar securities, in each case that are eligible as margin deposits under the rules of CME.

defined herein) for the business day on which the creation order was received by the Trustee. The “Basket Amount” for a business day has a per-Share value equal to the Net Asset Value (“NAV”) of the Trust as of such day. However, orders received by the Trustee after 2:40 p.m. Eastern Time (“ET”) are treated as received on the next following business day. The Trustee notifies the Authorized Participants of the Basket Amount on each business day. Baskets are then separable upon issuance into the Shares that are traded on Nasdaq on a UTP basis.

The Shares are not individually redeemable but are redeemable only in Baskets. To redeem, an Authorized Participant is required to accumulate enough Shares to constitute a Basket (i.e., 50,000 Shares). An Authorized Participant that wishes to redeem a Basket receives an amount of CERFs and cash (or, at the discretion of the Trustee, Short-Term Securities in lieu of cash) equal to the Basket Amount on the business day the redemption request is received by the Trustee, in exchange for each Basket surrendered. However, redemption requests received by the Trustee after 2:40 p.m. ET (or, on any day on which CME is scheduled to close early, after the close of trading of CERFs on CME on such day), are treated as received on the next following business day. The operation of the Trust and creation and redemption process are described in more detail in the NYSE Proposal.

On each business day on which NYSE is open for regular trading, as soon as practicable after the close of regular trading of the Shares on NYSE (normally, 4:15 p.m. ET), the Trustee determines the NAV as of that time. The calculation methodology for the NAV is described in more detail in the NYSE Proposal.

The NAV for the Shares on each business day on which NYSE is open for regular trading is distributed to all market participants at the same time. The NAV is distributed through major

market data vendors and is published online at <http://www.ishares.com>. The Trust updates the NAV as soon as practicable after each subsequent NAV is calculated.

The Web site for the Trust (<http://www.ishares.com>), which is publicly accessible at no charge, contains the following information: (1) The prior business day's NAV and the reported closing price; (2) the midpoint of the bid-ask price in relation to the NAV as of the time the NAV is calculated (the "Bid-Ask Price");⁷ (3) calculation of the premium or discount of such price against such NAV; (4) data in chart form displaying the frequency distribution of discounts and premiums of the Bid-Ask Price against the NAV, within appropriate ranges for each of the four previous calendar quarters; (5) the prospectus; (6) the holdings of the Trust, including CERFs, cash, and Treasury securities; (7) the Basket Amount; and (8) other applicable quantitative information. Nasdaq, on its Web site at <http://www.nasdaq.com>, includes a hyperlink to the Trust's Web site.

As described above, the NAV for the Trust is calculated and disseminated daily. According to the NYSE Proposal, NYSE disseminates from 9:30 a.m. to 4:15 p.m. ET daily by means of CTA/CQ High Speed Lines information with respect to the Indicative Trust Value ("ITV"), recent NAV, and Shares outstanding.

In order to provide updated information relating to the Trust for use by investors, professionals, and other persons, NYSE disseminates through the facilities of CTA an updated ITV on a per-Share basis. The ITV is disseminated at least every 15 seconds from 9:30 a.m. to 4:15 p.m. ET. The ITV is calculated based on the cash and collateral in a Basket Amount, divided by 50,000, and adjusted to reflect the market value of the Index commodities through investments held by the Investing Pool, i.e., CERFs. The ITV will not reflect price changes to

⁷ The Bid-Ask Price of the Shares is determined using the highest bid and lowest offer as of the time of calculation of the NAV.

the price of an underlying commodity between the close of trading of the futures contract at the relevant futures exchange and the close of trading on Nasdaq. Accordingly, the value of a Share may be influenced by non-concurrent trading hours between Nasdaq and the various futures exchanges on which the futures contracts based on the Index commodities are traded.

When the market for futures trading for each of the Index commodities is open, the ITV can be expected to closely approximate the value per Share of the Basket Amount. However, during Nasdaq trading hours when the futures contracts have ceased trading, spreads and resulting premiums or discounts may widen and, therefore, may increase the difference between the price of the Shares and the NAV of the Shares. ITV on a per-Share basis should not be viewed as a real-time update of the NAV, which is calculated only once a day.

Nasdaq deems the Shares to be equity securities, thus rendering trading in the Shares subject to Nasdaq's existing rules governing the trading of equity securities, including Nasdaq Rule 4630. The Shares will trade on Nasdaq from 9:30 a.m. until 4:15 p.m. ET.

Nasdaq will halt trading in the Shares under the conditions specified in Nasdaq Rules 4120 (Trading Halts) and 4121 (Market Closings). The conditions for a halt include a regulatory halt by the original listing market. UTP trading in the Shares will also be governed by provisions of Nasdaq Rule 4120 relating to temporary interruptions in the calculation or wide dissemination of the ITV or the value of the Index. Additionally, Nasdaq may cease trading the Shares if other unusual conditions or circumstances exist which, in the opinion of Nasdaq, make further dealings on Nasdaq detrimental to the maintenance of a fair and orderly market. Nasdaq will also follow any procedures with respect to trading halts as set forth in Nasdaq Rule 4120(c). Finally, Nasdaq will stop trading the Shares if the original listing market delists them.

Nasdaq believes that its surveillance procedures are adequate to address any concerns about the trading of the Shares on Nasdaq. Trading of the Shares through Nasdaq facilities is currently subject to NASD's surveillance procedures for equity securities, in general, and ETFs, in particular.⁸ Nasdaq is able to obtain information regarding trading in the Shares and the underlying futures contracts through its members in connection with the proprietary or customer trades that such members effect on any relevant market. In addition, Nasdaq may obtain trading information via the Intermarket Surveillance Group ("ISG") from other exchanges that are members or affiliate members of ISG, including the Chicago Board of Trade, and Nasdaq has Information Sharing Agreements in place with the New York Mercantile Exchange, the Kansas City Board of Trade, ICE Futures, and the London Metal Exchange. If at any time the Index Sponsor includes in the Index a contract traded on any other market, which results in more than 10% of the cumulative weight of the Index not being subject to comprehensive surveillance-sharing arrangements (i.e., the relevant exchange is not a member or affiliate member of ISG or Nasdaq does not have a pre-existing comprehensive surveillance-sharing agreement with it), then, prior to the inclusion of such contract in the Index, Nasdaq would (1) enter into adequate information sharing arrangements with such other market, and (2) contact the Commission to discuss measures that may be appropriate under the circumstances. Nasdaq has issued and would continue to issue an Information Circular to inform its members of the special characteristics and risks associated with trading the Shares, among other things.

2. Statutory Basis

⁸ NASD surveils trading pursuant to a regulatory services agreement. Nasdaq is responsible for NASD's performance under this regulatory services agreement.

The proposal is consistent with Section 6(b) of the Act,⁹ in general, and Section 6(b)(5) of the Act,¹⁰ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. In addition, the proposal is consistent with Rule 12f-5 under the Act¹¹ because Nasdaq deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 17 CFR 240.12f-5.

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2007-054 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2007-054. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal offices of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NASDAQ-2007-054 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

IV. Commission's Findings and Order Granting Accelerated Approval of the Proposed Rule Change

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national

securities exchange.¹² In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹³ which requires that an exchange have rules designed, among other things, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The Commission believes that this proposal should benefit investors by increasing competition among markets that trade the Shares.

In addition, the Commission finds that the proposal is consistent with Section 12(f) of the Act,¹⁴ which permits an exchange to trade, pursuant to UTP, a security that is listed and registered on another exchange.¹⁵ The Commission notes that the Shares are currently trading on Nasdaq pursuant to UTP on a pilot basis and that it previously approved the listing and trading of the Shares on NYSE.¹⁶ The Commission also finds that the proposal is consistent with Rule 12f-5 under the Act,¹⁷ which provides that an exchange shall not extend UTP to a security unless the exchange has in effect a rule or rules providing for transactions in the class or type of security to which the exchange extends UTP. The Exchange has represented that it meets this

¹² In approving this rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹³ 15 U.S.C. 78f(b)(5).

¹⁴ 15 U.S.C. 78l(f).

¹⁵ Section 12(a) of the Act, 15 U.S.C. 78l(a), generally prohibits a broker-dealer from trading a security on a national securities exchange unless the security is registered on that exchange pursuant to Section 12 of the Act. Section 12(f) of the Act excludes from this restriction trading in any security to which an exchange "extends UTP." When an exchange extends UTP to a security, it allows its members to trade the security as if it were listed and registered on the exchange even though it is not so listed and registered.

¹⁶ See supra notes 4 and 5.

¹⁷ 17 CFR 240.12f-5.

requirement because it deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities.

The Commission further believes that the proposal is consistent with Section 11A(a)(1)(C)(iii) of the Act,¹⁸ which sets forth Congress' finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities. Quotations for and last-sale information regarding the Shares are publicly available on the Web sites of the Trust, Nasdaq, and NYSE. The Web site for the Trust also disseminates information about the prior business day's NAV and the reporting closing price, the midpoint of the Bid-Ask Price in relation to the NAV as of the time the NAV is calculated, discount and premium information of the Bid-Ask Price against the NAV, the prospectus, the various holdings of the Trust, the Basket Amount, and other applicable information. During regular trading hours, major market data vendors disseminate at least every 15 seconds the values of the GSCI, GSCI-ER, and Index.¹⁹ In addition, NYSE disseminates through the facilities of CTA an updated ITV on a per-Share basis at least every 15 seconds during the trading day. The Trustee calculates and simultaneously disseminates once each business day to all market participants the NAV per Share. Also, futures quotes and last-sale information for the commodities underlying the Index and the CERFs are widely disseminated through a variety of market data vendors.²⁰

¹⁸ 15 U.S.C. 78k-1(a)(1)(C)(iii).

¹⁹ See NYSE Proposal, 71 FR at 21084.

²⁰ See id.

The Commission notes that, if the Shares should be delisted by the original listing exchange, the Exchange would no longer have authority to trade the Shares pursuant to this order.

In support of this proposal, the Exchange has represented that its surveillance procedures are adequate to address any concerns associated with the trading of the Shares on Nasdaq on a UTP basis. This approval order is conditioned on the Exchange's adherence to this representation. In the Pilot Order,²¹ the Commission noted that exchanges that trade commodity-related securities generally have in place surveillance agreements with markets that trade the underlying securities. In its proposal to establish the pilot trading period, the Exchange represented that it was in the process of completing these surveillance arrangements and expected to do so "in the near future." The Exchange recently provided the Commission with evidence that it has completed these surveillance arrangements.

The Commission finds good cause for approving this proposal before the thirtieth day after the publication of notice thereof in the Federal Register. As noted above, the Commission previously found that the listing and trading of the Shares on NYSE is consistent with the Act and approved the trading of the Shares on Nasdaq pursuant to UTP on a pilot basis. The Commission presently is not aware of any regulatory issue that should cause it to revisit that finding or would preclude the continued trading of the Shares on the Exchange pursuant to UTP. Therefore, accelerating approval of this proposal should benefit investors by continuing, without undue delay, competition in the market for such Shares.

²¹ See infra note 4.

V. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,²² that the proposed rule change (SR-NASDAQ-2007-054) be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²³

Florence E. Harmon
Deputy Secretary

²² 15 U.S.C. 78s(b)(2).

²³ 17 CFR 200.30-3(a)(12).